

**Exhibit 254** [replacing Dkt. #1964-41] attached to Plaintiffs' Memorandum of Law in Support of Motion for Partial Summary Adjudication that Defendants did not Comply with Their Duties under the Federal Controlled Substances Act to Report Suspicious Opioid Orders and Not Ship Them (Second Corrected) at Dkt. #1910-1.

- Redactions removed by Defendant

## EXHIBIT 254

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**From:** Walker, Donald [/O=MCKESSON/OU=NORTH AMERICA/CN=RECIPIENTS/CN=743A9CA9]  
**Sent:** 4/17/2008 2:40:05 PM  
**To:** de Gutierrez-Mahoney, Bill [bill.degutierrez-mahoney@mckesson.com]  
**CC:** Russell, Bruce [bruce.russell@mckesson.com]  
**Subject:** FW: NEW DEA ORDERING STANDARDS

**Importance:** High

Bill; you obviously said no when he asked you. I expect we will get a lot of these requests from customers wanting to make sure we have it covered. I am not opposed to sharing with VA but want to support your position. Your thoughts?

Don

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**From:** Gentry, Chuck  
**Sent:** Thursday, April 17, 2008 6:54 AM  
**To:** Walker, Donald  
**Subject:** FW: NEW DEA ORDERING STANDARDS  
**Importance:** High

Don,  
Please see the request below from one of my VA pods. Can we provide them with their thresholds?

**Chuck Gentry**  
**Account Manager, Health Systems**  
**McKesson Pharmaceutical**  
**voice mail 800-804-4584 ext. 3032**  
**cell phone 865-660-8906**

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**From:** Gentry, Chuck  
**Sent:** Wednesday, April 16, 2008 9:50 PM  
**To:** de Gutierrez-Mahoney, Bill  
**Cc:** Skidgel, Bruce  
**Subject:** FW: NEW DEA ORDERING STANDARDS  
**Importance:** High

Bill,  
Please see the request below from VA Alvin York in Murfreesboro/Nashville facilities. Can we provide them with a breakdown of their thresholds?

Please advise, Thanks,

**Chuck Gentry**  
**Account Manager, Health Systems**  
**McKesson Pharmaceutical**  
**voice mail 800-804-4584 ext. 3032**  
**cell phone 865-660-8906**

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**From:** Drake, Dennis D. [mailto:Dennis.Drake@va.gov]  
**Sent:** Wednesday, April 16, 2008 5:33 PM  
**To:** Gentry, Chuck  
**Subject:** NEW DEA ORDERING STANDARDS  
**Importance:** High

Chuck,

Can you please look into getting an answer to the following statement by our chief of pharmacy?

3) Dean, please get with Chuck Gentry to see if he can give us a breakdown of our current thresholds on our controlled substances for each site - we need to evaluate what our current thresholds are - need to ask him what the process will be on changing those thresholds if usage on a drug changes?

I would imagine that the statement/question listed above is in reference to the enclosed attachments.

Thank you,

Mr. Dennis Dean Drake  
TVHS Pharmacy Line Item Manager  
3400 Lebanon Pike  
Murfreesboro, TN 37129  
Phone: 615-893-1360 Ext: 6009  
Fax number: 615-867-5410  
E-Mail: Dennis.Drake@va.gov



# McKesson Controlled Substances Monitoring Program

## Program Guide for Pharmacies

### Program overview

McKesson is enhancing our policies and practices for distributing controlled substances to our pharmacy customers. We have designed our Controlled Substances Monitoring Program (CSMP) to improve our ability to monitor orders of controlled substances.

With this program, we have put in place a sophisticated technology system that will allow for proactive, two-way communications between McKesson and your pharmacy.

### Program details

All U.S. drug wholesalers have always been required by the DEA to monitor the ordering of controlled substances. Those regulations have not changed, but the extent to which wholesalers are now required to monitor and enforce the legitimate use of controlled substances has. While we trust and respect our customers' integrity and professionalism, we must cooperate with these mandates from the DEA.

**Therefore, beginning this month, McKesson will implement the CSMP. Here's how the program works:**

- McKesson will monitor purchases of all controlled substances by all customers.
- A critical component of this program is the establishment of controlled substance thresholds.
- Realizing that each customer's business is unique, McKesson has taken great care to set a threshold level specific to your business needs.
- Thresholds are determined by an analysis of each customer's controlled substances purchase history.
- Thresholds are monitored monthly and adjusted if necessary.
- Customers will be alerted in advance of meeting or exceeding their thresholds.
- Customers can apply for threshold adjustments if their business is changing or they anticipate needing to place a larger order.

## Notification system

Your McKesson ordering system conducts real-time monitoring of controlled substance purchases according to DEA base code. McKesson's CSMP works with your regular ordering system processes to deliver communications in plenty of time for your pharmacy to take corrective action, helping head off any potential disruptions in supply.

### Advance warning alerts

If your pharmacy reaches a threshold for a given product, you will receive an alert in Supply Management Online or EconoLink, and a message on your invoice or delivery document, alerting you that you are approaching your regulatory purchase limit, so you can monitor your purchases for the rest of the month.

### Threshold exceeded

If for some reason your pharmacy exceeds its threshold for a given product, you will see a "V" omit code in your ordering system, as well as printed on your invoice. The omit code signals that the product will be omitted from your order because you exceeded your monthly threshold.

## Communicating anticipated order increases

We recognize your business is constantly changing, so your future controlled substance ordering needs may vary from your order history. McKesson has developed a Threshold Change Request process, allowing you to communicate your needs in advance so we can accommodate them in advance of any delays or disruptions in delivery.

McKesson values you and your business and is committed to working closely with you to ensure that your pharmacy continues to be successful. This program addresses the DEA's requirements to ensure controlled substances are used in the way they were intended, but it also ensures that you as a McKesson customer can continue with business as usual.

Your McKesson representative will be contacting you shortly to walk you through the new processes and answer any questions you might have.





## McKesson Controlled Substances Monitoring Program FAQs for Pharmacies

### 1. Why is McKesson implementing this program?

McKesson and all wholesalers have always been required to monitor the distribution of controlled substances, and now the DEA is requiring all wholesalers to implement tighter controls. With our CSMP, we have developed a technology solution to automate the monitoring of controlled substances and proactively communicate with customers.

### 2. Is McKesson the only wholesaler required to implement this type of program?

No, all U.S. pharmaceutical wholesalers are being required to meet the DEA's requirements for tighter controls on controlled substances. The Controlled Substances Monitoring Program is McKesson's solution to the DEA's requirement, but the requirement is the same for all drug wholesalers.

### 3. How will this affect my pharmacy business?

There should be no significant impact to your business. The system monitors purchases of your controlled substances and compares them to your thresholds. We've taken care to set your threshold based on your controlled substance order history, and have put a program in place to give you plenty of notice if you are close to exceeding your threshold for a given product.

### 4. What changes will I see?

A new alert message will appear in your ordering system and on your invoice if you approach your threshold for a product. If you exceed your monthly purchase threshold, you will see the "V" omit code in your ordering system and on your invoice or delivery document to indicate the product has been omitted from your order because you exceeded your order limit.

### 5. McKesson states that you will be "monitoring" all of my controlled substances. How is this being done?

After conducting extensive analysis on controlled substances purchases, we have created a technology solution that has visibility to your controlled substances purchases and compares your purchases to your designated thresholds.

### 6. How are my thresholds determined?

Thresholds are established for each individual pharmacy. Your thresholds have been determined based on your 12-month purchase history.

### 7. McKesson states that I will receive an alert if I reach my threshold amount. How will I receive this notification?

Threshold alerts will appear for each product ordered on your invoice or delivery document. They will also appear in your electronic ordering system.

**8. What if I exceed my threshold?**

You will always receive a threshold alert on your invoice or delivery document well in advance of exceeding your threshold, so you can monitor purchases or apply for a threshold change. If you still exceed your threshold, you will see the new code "V" with the message "Monthly Regulatory Maximum Purchases Exceeded" on your invoice, as well as in Order Acknowledgment or Invoice Acknowledgment (depending on your ordering system). That particular item will be omitted from your order and will not be shipped.

**9. You said that McKesson is conducting real-time monitoring of controlled substance purchases according to DEA base code. How can I get more information on DEA base codes?**

Please check the DEA Web site for all base codes and associated product categories:  
[www.deadiversion.usdoj.gov/arcos/ndc/ndc\\_dic.htm](http://www.deadiversion.usdoj.gov/arcos/ndc/ndc_dic.htm).

**10. What if I have a change in my business (for example, I acquire a new pharmacy or pursue another line of business)? Am I in danger of not being able to order enough product because of my previous order history?**

We have created a Threshold Change Request process. If you do anticipate a change to your business, contact your McKesson sales representative as soon as possible so we can initiate the change request process.

**11. How do I request a change in my threshold amounts?**

Contact your McKesson sales representative.

**12. Who do I contact if I have questions?**

Contact your McKesson sales representative.